Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 BONN 00267 01 OF 02 081232Z

50
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 EB-07 INR-07 NSAE-00 RSC-01 FAA-00 L-02 SS-15

NSC-05 PA-01 PRS-01 USIA-06 TRSE-00 FEA-01 /061 W
---------- 090885
P R 081220Z JAN 75
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7133
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION USBERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BONN 00267

E. O. 11652: GDS
TAGS: ETRN, WB, GW
SUBJECT: IGS FARE INCREASES

REF: (A) BERLIN 12; (B) STATE 1320

1. SUMMARY. IN VIEW OF THE PREMATURE PRESS LEAK ON IGS FARE INCREASE, CAAS CALLED ON FONOFF BCATAG REP JIRKA TO BRIEF HIM ON CURRENT APPLICATIONS. JIRKA HAD CLEARLY EXPECTED A FARE INCREASE AND VOLUNTEERED THAT A GENERAL REVIEW OF IGS ECONOMICS WOULD BE DESIRABLE. WHILE AGREEING, EMB CAA STRESSED NEED TO MOVE AHEAD PROMPTLY ON PRESENT FARE INCREASE. CAAS HAVE BEGUN PREPARATION OF DATA ON FARE INCREASE CASE FOR PRESENTATION AT AN EARLY BCATAG MEETING. END SUMMARY.

2. IN VIEW OF PRESS REPORTS RE IGS FARE INCREASE, FONOFF BCATAG REP CALLED EMB CAA JANUARY 6, AM TO REQUEST FURTHER DETAILS. EMB CAA CONFIRMED THAT PAA HAD MADE AN APPLICATION AND OFFERED TO CALL ON JIRKA THAT AFTERNOON IF OTHER CAAS WERE AVAILABLE. UK CAA GROVES SAID HE WAS WITHOUT INSTRUCTIONS BUT AGREED THAT FONOFF SHOULD BE BRIEFED ON THE STATUS OF THE PENDING
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 00267 01 OF 02 081232Z

FARE INCREASE APPLICATIONS AS SOON AS POSSIBLE. ACTING

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

FRENCH CAA WAS OUT OF TOWN UNTIL JANUARY 8, HOWEVER, FRENCH POL COUNSELOR CONCURRED THAT CAAS SHOULD MEET WITH JIRKA IMMEDIATELY IN ORDER TO MINIMIZE ANY NEGATIVE IMPACT ON FRG THINKING DUE TO PREMATURE PRESS LEAK.

3. IN THE COURSE OF A LATE AFTERNOON CALL, US AND UK CAAS ONCE AGAIN CONFIRMED THAT APPLICATIONS FOR AVERAGE 7.9 PERCENT (TO THE PASSENGER) FARE INCREASE HAD BEEN RECEIVED FROM THE THREE IGS CARRIERS. CAAS PROPOSED TO SUBMIT APPLICATIONS WITH AS MUCH SUPPORTING DATA AS COULD BE DEVELOPED AT AN EARLY BCATAG MEETING. JIRKA SAID HE APPRECIATED PROMPT CAA CALL SINCE HE WAS COMING UNDER HEAVY PRESSURE FROM PRESS AND FRG SOURCES--INCLUDING THE CHANCELLOR'S OFFICE--TO PROVIDE BACKGROUND INFORMATION. WHILE PRESS LEAK WAS AWKWARD, HE PERSONALLY WAS NOT PARTICULARLY CONCERNED SINCE HE HAD BEEN EXPECTING A FARE INCREASE APPLICATION FOR SOME TIME. HE ADDED THAT INTERESTED FRG AGENCIES, INCLUDING BERLIN SENAT REPS, HAD RECENTLY MET TO REVIEW IGS PROBLEMS IN THE LIGHT OF WORSENING TRAFFIC LEVELS. (HE DID NOT VOLUNTEER WHAT MIGHT HAVE PROMPTED SUCH A MEETING, BUT WE SUSPECT IT MIGHT HAVE BEEN CONNECTED WITH CHANCELLOR SCHMIDT'S DECEMBER MEETING WITH PRIMIN WILSON.)

4. JIRKA NOTED THAT PRESS COMMENT WAS CRITICAL OF THE AIRLINES' DECISION TO RAISE FARES AGAIN IN THE FACE OF A DECLINING MARKET, AND HE WONDERED WHETHER INCREASING FARES AT THIS POINT WOULD NOT FURTHER REDUCE THE MARKET PARTICULARLY IN THE LIGHT OF THE PRESENT ECONOMIC DOWNTURN. SPEAKING GENERALLY, EMB CAA POINTED OUT THAT IT COST CONSIDERABLY MORE FOR THE AIRLINES TO TRANSPORT 3.5 MILLION PASSENGERS IN 1974 THAN IT DID TO MOVE CLOSE TO 6 MILLION PASSENGERS IN 1971. THIS EXPLOSIVE INCREASE OF COSTS IN THE PAST SEVERAL YEARS, COUPLED WITH THE AIRLINES' REQUIREMENT TO PROVIDE BERLIN WITH AN EXCEPTIONALLY HIGH-LEVEL OF AIR SERVICE, MADE INCREASED CARRIER REVENUES ABSOLUTELY ESSENTIAL.

CONFIDENTIAL

CONFIDENTIAL

5. JIRKA WAS NOT UNSYMPATHETIC TO THE AIRLINES' PRESENT PROBLEMS AND IN FACT SAID THAT THE FRG RECOGNIZED THE HIGH QUALITY OF BERLIN AIR SERVICES PROVIDED BY THE CARRIERS. HE STRESSED, HOWEVER, THE NEED TO PROVIDE HIS TRANSPORT MINISTRY COLLEAGUES WITH AS MUCH DATA AS POSSIBLE IF ONLY FOR PSYCHOLOGICAL REASONS, SINCE CERTAIN FRG OFFICIALS WERE STILL UPSET AT THE PAUCITY OF HARD INFORMATION PROVIDED BY THE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

ALLIES DURING THE JUNE 1974 EXERCISE. HE ALSO
SUGGESTED THAT THE CARRIERS NOT SEEK A FUEL SURCHARGE
BASED SOLELY ON INCREASED FUEL COSTS BUT RATHER SEEK
A GENERAL FARE INCREASE ON OVERALL COST INCREASES,
SINCE PETROLEUM PRICES HAD SIMPLY NOT CHANGED VERY

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 00267 02 OF 02 081244Z

50
ACTION EUR-12

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 RSC-01 FAA-00 L-02 SS-15 NSC-05

PA-01 PRS-01 USIA-06 TRSE-00 EURE-00 FEA-01 /061 W
---------- 090975
P R 081220Z JAN 75
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7134
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION USBERLIN

C O N F I D E N T I A L SECTION 02 OF 02 BONN 00267

SIGNIFICANTLY OVER THE PAST SIX MONTHS. (COMMENT:
THIS WAS NO DOUBT IN RESPONSE TO PUBLIC STATEMENTS
MADE BY BA OVER THE WEEKEND THAT THE PRESENT FARE
INCREASE WAS TO OFFSET FUEL COSTS.) JIRKA ADDED THAT
IN HIS VIEW ALLIES AND THE FRG SHOULD TAKE ANOTHER
LOOK AT THE IGS IN DETAIL WITH A VIEW TO REACHING A
LONGER TERM SOLUTION WHICH WOULD NOT INVOLVE PERIODIC
FARE INCREASES.

6. CAAS AGREED BUT LIMITED REMARKS TO FORMULATION IN
PARA 8A OF REFTEL B, I.E. "EFFORT SHOULD BE MADE IN
ANY EVENT TO FIND A LONGER TERM SOLUTION TO IGS ECON
SITUATION." EMB CAA STRESSED THAT FIRST ORDER OF
BUSINESS WAS TO PROCEED PROMPTLY WITH PENDING FARE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

APPLICATION. AT THE CONCLUSION OF THE DISCUSSION, IT WAS AGREED THAT THE ALLIES AND FRG WOULD HEW TO THE PRESS LINE THAT APPLICATIONS FOR A FARE INCREASE HAD BEEN RECEIVED IN BONN AND WERE PRESENTLY UNDER CONSIDERATION. ALL PARTIES WOULD REFUSE TO DISCUSS THE DETAILS OF THE APPLICATIONS.

CONFIDENTIAL

CONFIDENTIAL

7. PAA DIRECTOR RUNNETTE CALLED LATER THAT EVENING TO REPORT THAT HE EXPECTED TO BE INTERVIEWED BY A TV TEAM JANUARY 7 AND WANTED CONFIRMATION THAT HE COULD ACKNOWLEDGE SUBMISSION OF APPLICATION--WHICH HIS PR MAN HAD ALREADY DONE EARLIER IN THE DAY. EMB CAA GAVE RUNNETTE THE LINE AGREED ABOVE AND EMPHASIZED THAT PAA SHOULD AVOID ANY DISCUSSION OF FUEL PRICES OR OTHER DETAILS. RUNNETTE AGREED THIS WAS THE WISEST POSTURE TO ASSUME, HOWEVER, HE WAS SOMEWHAT CONCERNED THAT BA WAS ALREADY ATTRIBUTING ITS NEED FOR A FARE INCREASE TO FUEL.

8. COMMENT: IT APPEARS THAT THE GERMANS ARE AWARE OF AND HAVE GIVEN SOME THOUGHT TO THE UK INTENTION TO SEEK INCREASED FRG SUPPORT. MOREOVER, GROVES RELATED AFTER THE ABOVE DISCUSSION THAT JIRKA MENTIONED THE US/UK CONSULTATIONS IN WASHINGTON DURING A RECENT SOCIAL FUNCTION ADDING THAT HE DID NOT KNOW HOW JIRKA GOT WIND OF THE TALKS. IN ANY EVENT, JIRKA APPEARED RECEPTIVE TO BOTH THE NEED FOR THE PRESENT FARE INCREASE AND A FURTHER LOOK AT THE IGS, ALTHOUGH HE MADE NO REFERENCE TO INCREASED SUBSIDIES AND, IN FACT, AT ONE POINT ASKED EMB CAA RHETORICALLY WHETHER THREE CARRIERS WERE REALLY NEEDED ON THE IGS SERVICES.

9. CAAS HAVE BEGUN TO PREPARE BCATAG CASE, IDEALLY ON THE BASIS OF THE PREVIOUSLY SUBMITTED FRG FORMATS WHICH PAA HAS, BY AND LARGE, FILLED OUT. WE WILL CONTINUE TO URGE THE BRITI SH TO PROVIDE MORE THAN THE MEAGRE AMOUNT OF DATA THEY HAVE PROVIDED SO FAR.
CASH

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, AIR FARES, AIR SCHEDULES, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN00267
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750007-0546
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750170/aaaacjun.tel
Line Count: 213
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BERLIN 12, 75 STATE 1320
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2003 by BoyleJA>; APPROVED <14 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IGS FARE INCREASES
TAGS: ETRN, WB, GE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006